

## Message Text

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50/64

ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 AEC-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-04

FPC-01 H-01 INR-05 INT-05 L-01 NSAE-00 NSC-05 OMB-01

PM-03 RSC-01 SAM-01 OES-02 SP-02 SS-15 STR-01 TRSE-00

FRB-01 FEA-01 PA-01 PRS-01 IO-04 SAJ-01 /082 W

----- 014488

O R 251948Z OCT 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 3600

INFO AMEMBASSY MOSCOW IMMEDIATE

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY DUBLIN

USMISSION NATO

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 25397

C O R R E C T E D C O P Y (DATE TIME GROUP TO READ 251948Z

VICE 281248Z)

MOSCOW FOR THE SECRETARY

E.O. 11652: GDS

TAGS: EAL ENRG EFIN FR

SUBJ: GISCARD'S PRESS CONFERENCE: ENERGY AND  
INTERNATIONAL MONETARY ISSUES.

1. IN WITHHOLDING FRENCH ADHERENCE TO IEP AND CALLING

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FOR PRODUCER-CONSUMER OIL MEETING, GISCARD APPARENTLY

HAS SEVERAL OBJECTIVES. FIRST, THIS COMBINATION OF

MEASURES ENABLES GOF TO MAINTAIN ITS WAIT-AND-SEE ATTITUDE TOWARD IEP. SECONDLY, IT ALLOWS GOF TO HOLD ITS POSE AS POTENTIAL HONEST BROKER BETWEEN PRODUCER AND CONSUMER BLOCS, WHILE MAKING SHOW OF FRENCH INITIATIVE IN CALLING FOR NEGOTIATIONS. THIRDLY--BUT NOT LEAST IMPORTANT--FRENCH BELIEVE THAT THEIR CHOSEN APPROACH OF EARLY NEGOTIATIONS WITH OIL PRODUCERS MAY BRING ABOUT THE REDUCTION OR, AT MINIMUM, STABILIZATION OF PRICES, WHILE AVOIDING PRODUCER-CONSUMER CLASH.

2. GISCARD CLOSED NO DOORS DEFINITELY ON IEP, SAYING ONLY THAT GOF WOULD NOT ADHERE TO AGREEMENT NOV. 12 AND WOULD NOT BLOCK ESTABLISHMENT OF IEP WITHIN OECD. GOF CONTINUES TO SEE MERIT IN SOME ASPECTS OF IEP BUT IT HAS SERIOUS RESERVATIONS ABOUT OTHERS. IN PARTICULAR, IT IS WORRIED THAT IEP WILL BE USED FOR CONFRONTATION OR ECONOMIC WARFARE WITH OIL PRODUCERS, WITH WHICH GOF NOT PREPARED TO ASSOCIATE SELF. WE BELIEVE GISCARD'S REPEATED STATEMENTS DURING HIS PRESS CONFERENCE THAT GOF POLICY BASED ON NEED FOR

"COOPERATION AND NEGOTIATION" WHILE REJECTING "DOMINATION AND CONFRONTATION" EXPRESS REAL CONCERNS ON PART OF GOF.

3. ON CALL FOR OIL NEGOTIATIONS, WE BELIEVE GISCARD'S POSITION COMBINES ELEMENTS OF SERIOUSNESS OF PURPOSE WITH SOME TACTICS AND POSTURING (LATTER FOR DOMESTIC PURPOSES AS WELL AS FOR EYES OF THIRD WORLD). FRENCH HAVE BEEN INTRIGUED BY SMALLMEETING IDEA EVER SINCE YAMANI DISCUSSED IT WITH THEM AT UNGA SPECIAL SESSION. THEY ARE NOT CONVINCED THAT PREMATURE NEGOTIATIONS WOULD BE COUNTER-PRODUCTIVE TO CONSUMERS' INTERESTS; TO CONTRARY, THEY APPEAR TO BE CONCERNED THAT IF MAJOR CONSUMERS CONCENTRATE THEIR POSITION TOO CLOSELY (THROUGH IEP), IT WILL INEVITABLY RESULT IN COUNTER-PRODUCTIVE CONFRONTATION RATHER THAN NEGOTIATION. THEY BELIEVE THAT OIL PRODUCERS ARE INCREASINGLY AWARE OF DANGERS

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OF HIGH OIL PRICES (GISCARD EVEN SPOKE OF LONG-TERM LOSS OF MARKETS FOR OIL PRODUCERS IN SAME TERMS WE HAVE USED), AND THAT SERIOUS NEGOTIATIONS CAN BEGIN

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OMB-01 PM-03 RSC-01 SAM-01 OES-02 SP-02 SS-15 STR-01

TRSE-00 FRB-01 FEA-01 PA-01 PRS-01 IO-04 SAJ-01 /082 W  
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O R 281248Z OCT 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 3601

INFO AMEMBASSY MOSCOW IMMEDIATE

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C O N F I D E N T I A L SECTION 02 OF 02 PARIS 25397

WITHOUT GREAT DELAY. FACT THAT GISCARD HAS SUGGESTED  
EARLY 1975 AS POSSIBLE DATE FOR MEETING (AFTER POSSIBLE  
CONCLUSION OF ARAMCO NEGOTIATIONS, BUT AFTER FRANCE  
WOULD NO LONGER AUTOMATICALLY REPRESENT EC AS COUNCIL  
CHAIRMAN) IS INDICATION TO US THAT THIS INITIATIVE IS  
INTENDED SERIOUSLY. GOAL OF MEETING, ACCORDING TO  
GISCARD, WOULD BE TO SEEK TRADEOFF OF LOWER IMMEDIATE  
OIL PRICES AGAINST INDEXED FUTURE CHANGES.  
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4. TONE OF GISCARD'S PRESS CONFERENCE WAS NOTABLE FOR ITS REPEATED EMPHASIS ON INTERDEPENDENCE AND NEED FOR COOPERATIVE SOLUTIONS TO WORLD'S ECONOMIC PROBLEMS. HE STATED FLATLY THAT GOF'S POLICY WAS NOT AIMED AT SEEKING BILATERAL ADVANTAGES FROM OIL PRODUCERS, BUT AT NEGOTIATING SOLUTION ACCEPTABLE TO ALL PARTIES. HE NOTED CONNECTION BETWEEN PROBLEMS OF OIL PRICES, INFLATION, AND MONETARY DISORDER, BUT POINTED OUT GOF VIEW THAT THEY COULD ONLY BE SOLVED SEPARATELY. ON INTERNATIONAL MONETARY QUESTIONS, GISCARD CHOSE TO EMPHASIZE FRENCH POSITIONS ON GOLD, FAVORING RIGHT OF COUNTRIES TO BUY, SELL AND EVALUATE GOLD HOLDINGS AT "NEAR THE OPEN MARKET PRICE". ONLY NEW INITIATIVE WAS CALL FOR FRANCE'S EC PARTNERS TO MOVE FURTHER--AND BEFORE END OF YEAR--TOWARD AGREEMENT ON THESE PRINCIPLES WITHIN THE COMMUNITY.

STONE

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